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SECURITY INFORMATION

REPORT

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COUNTRY USSR

DATE DISTR. *22 SEPT. 53*

SUBJECT Reaction [] to KHRUSHCHEV's
Speech of 7 September 1953

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PLACE
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DATE OF IN

THIS IS UNEVALUATED INFORMATION

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- Oct.*
1. N. S. KHRUSHCHEV's speech of 7 September 1953, before the Plenary Session of the Central Committee of the Communist Party, represented no more than an implementation of the policy formulated at the nineteenth session of the same Committee late in 1952 [] any attempt to unearth evidence in this speech of some basic change in Soviet internal policy or in Communist ideology would be a mistake. [] it would also be incorrect to interpret the newly-announced measures for the development of Soviet agriculture as indication of a go-easy attitude towards the Russian people. KHRUSHCHEV has not opened a drive to satisfy the needs of the average Russian in the street with the aim in view of consolidating the Soviet internal political situation. To presume that he has, springs from an uninformed premise that the Soviet internal situation is shaky. 25X1
 2. [] no indication whatsoever that the new agricultural policy means a change in the USSR collectivization system. On the contrary, it embodies no measures alien to previous enunciations of the Soviet theory of Socialism - a theory which, when amply developed, Soviet planners hope will emerge as the model Communism. 25X1

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3. KHRUSHCHEV's speech is very significant in its admission of shortcomings and even failures in the Soviet agricultural program; [redacted]

[redacted] There is an abundance of reasons why Soviet agriculture has not kept pace with visions for its development since World War II. They are reasons which can be easily understood and easily justified. Therefore, the reaction of certain western circles, which refuse to see in this speech anything but the mere admission of failures, is more wishful than sound. Whatever the condition of Soviet agriculture may be [redacted] in spite of all its shortcomings, it is far from being in catastrophic shape), it is most important to examine KHRUSHCHEV's proposals for their practical significance, for their ways of improvement and means of government support. KHRUSHCHEV's speech was not intended for propaganda purposes.

[redacted] the Soviet government is both anxious and able to improve the position of collective farmers, not so much in order to satisfy them as to give them an incentive to increase their production.

4. After World War II, the major aim of the Soviet government was reconstruction of the war-ravaged regions and of the country's heavy industries. A very large percentage of the Soviet national income was used as capital investments for construction of new heavy industrial plants and expansion of the existing ones. There was not much money left to help build up light industry or to spend on agricultural development. Heavy taxes were levied on the rural population to provide the funds needed for a heavy industrial development designed mainly to bolster military potentials. It is enough to mention that during this period the government procurement price (zagottsena) for wheat was approximately .2 rubles per kilogram, while the selling price was two rubles per kilogram. The procurement price for meat was about 2.5 rubles per kilogram, and the selling price was 16 - 20 rubles. In this way the government was making 700 - 1,000% profit to be applied to its heavy industrial projects. Rather than believe that any catastrophic conditions in the field of Soviet agriculture have now compelled the government to turn its attention to agriculture and concentrate on improving the collective farmer's position, it would probably be more logical to assume that the development of heavy industry and reconstruction in the Soviet Union have reached a stage where very large capital investments are no longer necessary; the job must now be safely underway or in great measure completed. And the lion's share of the Soviet national income may now be diverted to the development of light industry and agriculture.

5. [redacted]

[redacted] Soviet light industry is just as important in case of war as heavy industry. The same is true of agriculture, which has to supply raw materials for light industry and make sure that the USSR will be self-supporting in foodstuffs during a war; one has only to remember the terrible conditions in the USSR and the Soviet Army in World War II. the soldiers were fighting in rags, going barefoot and hungry. There was a shortage of practically every product of light industry, of food, and of medicines. Had it not been for the US Lend-Lease Program, who knows what the outcome of the war might have been, Soviet tanks, guns, and ammunition notwithstanding? If there is a third World War, Soviet leaders know that they cannot count again on US Lend-Lease.

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6. Every far-reaching economic project in the USSR is carried out by means of a "campaign". When a campaign is announced, the entire state apparatus with large financial means swings into operation, and directs it to realization. [redacted] national campaigns for coal mining, metallurgy, railroad transport, oil production, electrification, exploitation of water resources, among others. Now it is the turn of agriculture and light industry. 25X1
7. [redacted] the Soviet kolkhoznik attaches much importance 25X1
[redacted] 25X1
[redacted] how much income he can get out of this land. If 25X1
deliveries to the state could be reduced, leaving the kolkhoznik enough food products to market freely with profit to himself, that would form the best incentive for him to produce more. The same result would come about if the state procurement prices for agricultural products were increased.
8. The building up of Soviet light industry and the development of agriculture, as announced in recent speeches by MALENKOV and KHRUSHCHEV, would certainly require more than the two or three years anticipated by these Soviet leaders. It may even take five or six years. And if it can be assumed that these measures are to serve primarily to ensure the preparedness of the USSR for war, it would be logical to believe that the Soviet rulers would not start a war before this project were completed.

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